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June 13, 2005

Mr. Bradley Belt  
 Executive Director  
 Pension Benefit Guaranty Corporation  
 1200 K St., N.W.  
 Washington, D.C. 20005-4026

Dear Mr. Belt,

Last week, Congressman John Boehner, Chairman of the Committee on Education and the Workforce, introduced legislation – the Pension Protection Act – to reform the pension funding and related rules affecting defined benefit pension plans (H.R. 2830, available on the Committee website). This legislation could have dramatic consequences for the ability and willingness of employers to continue over 31,000 defined benefit pension plans covering 44 million workers and retirees.

I would appreciate your assistance in analyzing the short and long term impacts of this legislation by addressing the questions listed below. For purposes of this letter, current law means current law with a permanent extension of the bond interest rate.

- 1) In dollar amounts, what is the aggregate amount of additional (and total) pension contributions that will be required under the Administration's proposal for single employer pension plans compared with H.R. 2830 and current law for years 2005 through 2016, by year and total?;
- 2) What is the amount of total and additional premiums (listed separately for flat and variable) that will be collected by the PBGC under the Administration's proposal, H.R. 2830, and current law for each year 2005 through 2016?;
- 3) What is the anticipated annual operating deficit/surplus of the PBGC for years 2005 through 2016 total and by year under the Administration's proposal, H.R. 2830, and current law?;
- 4) Please provide several hypothetical examples of how companies would be affected by the Administration's proposal, current law, and H.R. 2830 for both contributions and premiums (broken down separately for flat and variable premiums) that would vary for levels of underfunding, level of company's investment grade, size of plan, mix of older

versus younger employees, mix of current workers versus retired workers, and for small, medium, and large plans;

- 5) Please provide an estimate of when the PBGC will run out of cash to pay claims under current law versus the Administration's plan, H.R. 2830, and current law;
- 6) Please provide the number and names of companies with plans insured by the PBGC that would be considered "financially weak" as determined under the Administration's proposal versus H.R. 2830;
- 7) Please provide an estimate of the savings to the PBGC associated with the Administration's plan to perfect liens in bankruptcy;
- 8) Please provide an estimate of savings to the PBGC associated with the Administration's plan to limit contingent liability benefits (such as shutdown benefits);
- 9) Please provide an estimate of the average and median increase (for underfunded plans) in contributions and premiums for companies by year from 2005 through 2016 for current law versus the Administration's proposal and versus H.R. 2830;
- 10) Please provide a numerical example of how the interest rate assumptions for determining lump sum distributions would differ by comparing the interest assumptions in current law, under Administration's proposal, and under H.R. 2830;
- 11) Please provide the ratio of insured to un-insured benefits of plans taken over by the PBGC for the past ten years, and such ratio projected for 2005 through 2016 for current law, H.R. 2830, and the Administration's proposal, and corresponding dollar amounts for each;
- 12) Please provide your views regarding the effect of H.R. 2830 as it relates to: pension benefit levels promised to and received by employees and retirees; corporate accounting reporting and financial markets; employer behavior regarding retention, termination, or freezing of plans; the treatment of participants in qualified plans compared to executive retirement plans – especially where a plan is terminated or frozen.

This legislation is expected to move through subcommittee and full committee by June 22<sup>nd</sup> and 29<sup>th</sup>, respectively, and your earliest reply would be greatly appreciated.

Sincerely,



GEORGE MILLER

Senior Democratic Member